



1997 SENATE BILL 416

January 28, 1998 - Introduced by Senators ROESSLER, BURKE, SHIBILSKI, PANZER, GEORGE, DARLING, CLAUSING, WIRCH and ROSENZWEIG, cosponsored by Representatives NOTESTEIN, HARSDFORF, OURADA, BOCK, TURNER, MUSSER, ROBSON, PLALE, BRANDEMUEHL, BOYLE, R. YOUNG, HASENOHRL, BALDWIN, RILEY, HANSON, L. YOUNG, WASSERMAN, KREUSER, SPRINGER, LA FAVE, MURAT and GRONEMUS. Referred to Committee on Health, Human Services, Aging, Corrections, Veterans and Military Affairs.

1 **AN ACT** *to amend* 632.89 (2) (a) 2.; and *to repeal and recreate* 632.89 (2) (c),
2 632.89 (2) (d) and 632.89 (2) (dm) of the statutes; **relating to:** deductibles for
3 coverage of treatment for alcoholism and other drug abuse problems and
4 nervous and mental disorders.

Analysis by the Legislative Reference Bureau

Under current law, a group health insurance policy (called a "disability insurance policy" in the statutes) that provides coverage of any inpatient hospital services must provide coverage of inpatient hospital services for the treatment of nervous and mental disorders and alcoholism and other drug abuse problems in the minimum amount of at least the first \$7,000 minus a copayment of up to 10% or the first 30 days of inpatient services, whichever is less. If a group health insurance policy provides coverage of any outpatient hospital services, it must provide coverage of outpatient hospital services for the treatment of nervous and mental disorders and alcoholism and other drug abuse problems in the minimum amount of at least the first \$2,000 minus a copayment of up to 10%. If a group health insurance policy provides coverage of any inpatient or outpatient hospital services, it must provide coverage of transitional services for the treatment of nervous and mental disorders and alcoholism and other drug abuse problems in the minimum amount of at least the first \$3,000 minus a copayment of up to 10%. (Transitional services are services, specified by rule by the commissioner of insurance, that are provided in a less restrictive manner than inpatient services but in a more intensive manner than outpatient services.)

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The 1997-99 biennial budget act made a change with respect to this coverage requirement. Although the minimum coverage amounts remain the same, beginning on March 1, 1998, a group health insurance may impose deductibles for coverage of the treatment of nervous and mental disorders and alcoholism and other drug abuse problems. This bill reverses the change made in the budget act, except with respect to any certificate issued under a group health insurance policy that has a high deductible and is linked to a medical savings account. The effect is that, except for coverage under a certificate that has a high deductible and is linked to a medical savings account, a group health insurance policy may not impose deductibles for coverage of the treatment of nervous and mental disorders and alcoholism and other drug abuse problems.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 632.89 (2) (a) 2. of the statutes, as affected by 1997 Wisconsin Act
2 27, is amended to read:

3 632.89 (2) (a) 2. Except as provided in pars. (b) to (e), coverage of conditions
4 under subd. 1. by a policy or certificate may not be subject to exclusions or
5 limitations, ~~including deductibles~~, that are not generally applicable to other
6 conditions covered under the policy or certificate.

7 **SECTION 2.** 632.89 (2) (c) of the statutes, as affected by 1997 Wisconsin Act 27,
8 is repealed and recreated to read:

9 632.89 (2) (c) *Minimum coverage of inpatient hospital services.* 1. If a group
10 or blanket disability insurance policy issued by an insurer provides coverage of any
11 inpatient hospital treatment, the policy shall provide coverage for inpatient hospital
12 services for the treatment of conditions under par. (a) 1. as provided in subds. 2. and
13 3.

14 2. Except as provided in subd. 3. and par. (b), a policy under subd. 1. shall
15 provide coverage in every policy year for not less than the lesser of the following:

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- 1 a. The expenses of the first 30 days as an inpatient in a hospital.
- 2 b. The first \$7,000 minus a copayment of up to 10% for inpatient hospital
3 services or, if the coverage is provided by a health maintenance organization, as
4 defined in s. 609.01 (2), the first \$6,300 or the equivalent benefits measured in
5 services rendered.
- 6 3. Except as provided in par. (b), if a certificate issued under a policy under
7 subd. 1. has high deductibles, high copayments or other high cost-sharing provisions
8 and is linked to a medical savings account, the certificate shall provide coverage in
9 every policy year for not less than the lesser of the following:
- 10 a. The expenses of 30 days as an inpatient in a hospital.
- 11 b. Seven thousand dollars minus a copayment of up to 10% for inpatient
12 hospital services or, if the coverage is provided by a health maintenance
13 organization, as defined in s. 609.01 (2), \$6,300 or the equivalent benefits measured
14 in services rendered.
- 15 **SECTION 3.** 632.89 (2) (d) of the statutes, as affected by 1997 Wisconsin Act 27,
16 is repealed and recreated to read:
- 17 632.89 (2) (d) *Minimum coverage of outpatient services.* 1. If a group or blanket
18 disability insurance policy issued by an insurer provides coverage of any outpatient
19 treatment, the policy shall provide coverage for outpatient services for the treatment
20 of conditions under par. (a) 1. as provided in subds. 2. and 3.
- 21 2. Except as provided in subd. 3. and par. (b), a policy under subd. 1. shall
22 provide coverage in every policy year for not less than the first \$2,000 minus a
23 copayment of up to 10% for outpatient services or, if the coverage is provided by a
24 health maintenance organization, as defined in s. 609.01 (2), the first \$1,800 or the
25 equivalent benefits measured in services rendered.

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1 3. Except as provided in par. (b), if a certificate issued under a policy under
2 subd. 1. has high deductibles, high copayments or other high cost-sharing provisions
3 and is linked to a medical savings account, the certificate shall provide coverage in
4 every policy year for not less than \$2,000 minus a copayment of up to 10% for
5 outpatient services or, if the coverage is provided by a health maintenance
6 organization, as defined in s. 609.01 (2), \$1,800 or the equivalent benefits measured
7 in services rendered.

8 **SECTION 4.** 632.89 (2) (dm) of the statutes, as affected by 1997 Wisconsin Act
9 27, is repealed and recreated to read:

10 632.89 (2) (dm) *Minimum coverage of transitional treatment arrangements.* 1.
11 If a group or blanket disability insurance policy issued by an insurer provides
12 coverage of any inpatient hospital treatment or any outpatient treatment, the policy
13 shall provide coverage for transitional treatment arrangements for the treatment of
14 conditions under par. (a) 1. as provided in subds. 2. and 3.

15 2. Except as provided in subd. 3. and par. (b), a policy under subd. 1. shall
16 provide coverage in every policy year for not less than the first \$3,000 minus a
17 copayment of up to 10% for transitional treatment arrangements or, if the coverage
18 is provided by a health maintenance organization, as defined in s. 609.01 (2), the first
19 \$2,700 or the equivalent benefits measured in services rendered.

20 3. Except as provided in par. (b), if a certificate issued under a policy under
21 subd. 1. has high deductibles, high copayments or other high cost-sharing provisions
22 and is linked to a medical savings account, the certificate shall provide coverage in
23 every policy year for not less than \$3,000 minus a copayment of up to 10% for
24 transitional treatment arrangements or, if the coverage is provided by a health

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1 maintenance organization, as defined in s. 609.01 (2), \$2,700 or the equivalent
2 benefits measured in services rendered.

3 **SECTION 5. Initial applicability.**

4 (1) This act first applies to all of the following:

5 (a) Except as provided in paragraph (b), group or blanket disability insurance
6 policies that are issued or renewed on the effective date of this paragraph.

7 (b) Group or blanket disability insurance policies covering employees who are
8 affected by a collective bargaining agreement containing provisions inconsistent
9 with this act that are issued or renewed on the earlier of the following:

10 1The day on which the collective bargaining agreement expires.

11 2The day on which the collective bargaining agreement is extended, modified
12 or renewed.

13 **SECTION 6. Effective date.**

14 (1) This act takes effect on March 1, 1998, or on the day after publication,
15 whichever is later.

16 (END)